

SYRATECH CORP  
Form 10-Q  
May 15, 2002

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2002

o **TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-12624

**Syratech Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**13-3354944**  
(I.R.S. Employer  
Identification No.)

**175 McClellan Highway**  
**East Boston, Massachusetts**  
(Address of principal executive office)

**02128-9114**  
(Zip Code)

Registrant's telephone number, including area code - **617-561-2200**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Number of Shares of Common Stock, Par Value \$0.01 per share, outstanding at March 31, 2002-3,784,018

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## SYRATECH CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except share data)

	March 31, 2002	December 31, 2001
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 1,081	\$ 5,242
Accounts receivable, net	33,247	57,530
Inventories	82,454	74,949
Deferred income taxes	19,884	17,848
Prepaid expenses and other	3,570	2,665
Total current assets	140,236	158,234
Property, plant and equipment, net	66,908	68,195
Purchase price in excess of net assets acquired, net	6,225	6,225
Other assets, net	4,677	4,717
Total	\$ 218,046	\$ 237,371
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving loan facilities and notes payable	\$ 9,580	\$ 16,995
Accounts payable	9,762	10,976
Accrued expenses	6,204	8,079
Accrued interest	7,543	4,359
Accrued compensation	2,065	4,181
Accrued advertising	2,653	3,263
Income taxes payable	275	129
Total current liabilities	38,082	47,982
Long - term debt	155,097	157,634
Deferred income taxes	18,818	18,818
Pension liability	2,231	2,809
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized; (25,000 designated as cumulative redeemable preferred stock, 18,000 shares issued and outstanding, liquidation value of \$18,000, and includes accrued and unpaid dividends of \$13,652 and \$12,731 in 2002 and 2001, respectively)	31,652	30,731
Common stock, \$.01 par value, 20,000,000 shares authorized; 3,784,018 shares issued and outstanding	38	38
Deficit	(26,240)	(19,092)
Accumulated other comprehensive loss	(1,632)	(1,549)
Total stockholders' equity	3,818	10,128

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Total	\$	218,046	\$	237,371
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See notes to condensed consolidated financial statements.

**SYRATECH CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

(in thousands, except per share data)

	Three Months Ended March 31,	
	2002	2001
Net sales	\$ 39,941	\$ 41,707
Cost of sales	28,748	31,894
Gross profit	11,193	9,813
Selling, general and administrative expenses	15,410	16,251
Other operating income		444
Loss from operations	(4,217)	(5,994)
Interest expense	(5,058)	(5,346)
Interest income		4
Loss before benefit for income taxes	(9,275)	(11,336)
Benefit for income taxes	(2,319)	(2,834)
Loss before extraordinary gain	(6,956)	(8,502)
Extraordinary gain on early extinguishment of debt, net of income taxes of \$507	729	
Net loss	(6,227)	(8,502)
Preferred stock dividends accrued	921	823
Net loss applicable to common stockholders	\$ (7,148)	\$ (9,325)
<b>Basic and diluted loss per share:</b>		
Loss before extraordinary gain	\$ (1.84)	\$ (2.24)
Extraordinary gain on early extinguishment of debt	0.19	
Preferred stock dividends accrued	(0.24)	(0.22)
Net loss per common share	\$ (1.89)	